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FEDERAL COMMUNICATIONS COMMISSION
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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Federal-State Joint Board on
Universal Service

CC Docket No. 96-45

PETITION FOR RECONSIDERATION AND CLARIFICATION

UNITED STATES CATHOLIC CONFERENCE, BENTON FOUNDATION, CENTER
FOR MEDIA EDUCATION, CONSUMER ACTION, EDGEMONT
NEIGHBORHOOD COALITION, HEARTLAND ALLIANCE FOR HUMAN NEEDS
AND HUMAN RIGHTS, INTERSTATE MIGRANT EDUCATION COUNCIL,
MIGRANT LEGAL ACTION PROGRAM, NATIONAL ASSOCIATION OF
MIGRANT EDUCATORS, NATIONAL COALITION FOR THE HOMELESS,
WASHINGTON LEGAL CLINIC FOR THE HOMELESS, MARCIA ZASHIN,
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INTRODUCTION

U.S. Catholic Conference, *et al.* ask the Commission to reconsider or clarify certain provisions of its recent Universal Service Order.¹ Specifically, U.S. Catholic Conference, *et al.* urge the Commission to use the default Lifeline eligibility standard as the minimum eligibility standard for all states, clarify the no-deposit rule, waive the PICC for Lifeline customers who subscribe to toll-blocking and clarify the provision dealing with advertising by eligible telecommunications carriers of the availability and rates of supported services. These actions are necessary to ensure that consumers, especially low-income consumers, receive the full benefit of the new universal service rules.

I. THE LIFELINE ELIGIBILITY STANDARD SHOULD BE MODIFIED TO ALLOW WIDESPREAD ENROLLMENT

Low income Americans have historically faced a myriad of obstacles seeking access to telecommunications, including unaffordable rates, loss of local service for nonpayment of toll calls, and high service deposits. U. S. Catholic Conference, *et al.* support the sections of the Order that address these problems by improving access to telephone service for low income groups through the expansion of the Lifeline and LinkUp programs. The changes made to the Lifeline and LinkUp plans create a major opportunity for low-income consumers to have access to basic communications services that were unaffordable in the past. Nonetheless, to help

¹*Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 97-157 (released May 8, 1997) ("Universal Service Order" or "Order").

achieve the goal of widespread Lifeline participation by low-income consumers, U.S. Catholic Conference, *et al.* urge the Commission to make additional modifications to the Lifeline program beyond those set forth in the Order.

A. The Default Lifeline Eligibility Standard Should Be Based on Eligibility For, Not Participation In, Low-Income Assistance Plans

The Order establishes a default Lifeline eligibility standard in states that choose not to provide matching support: participation in Medicaid, food stamps, Supplementary Social Security Income (SSI), federal public housing assistance or Section 8, or Low Income Home Energy Assistance Program (LIHEAP).² However, insisting on using participation as the criteria for Lifeline eligibility will lower the number of possible Lifeline subscribers. U.S. Catholic Conference, *et al.* recommend that, instead of participation in any of these programs, the Commission use *eligibility* for any of these programs as the default Lifeline eligibility standard.

Low-income consumers who may be eligible for any of the above programs may, for a variety of reasons, choose not to participate. Nonetheless, these consumers may still need Lifeline assistance. In addition, in the Order, the Commission stresses that Lifeline eligibility should be based solely on income or factors directly related to income.³ However, while eligibility for these programs is directly related to income, participation is based on knowledge of the program and personal choice, which are not directly related to income. To allow the largest

²Order, ¶ 374.

³*Id.* at ¶ 373.

number of low-income consumers to enjoy the benefits of the improved Lifeline program, the Commission should use eligibility for these programs, not participation, as the default Lifeline eligibility standard.

B. The Default Lifeline Eligibility Standard Should Be the Minimum Standard for All States

To ensure that telecommunications services will be available to low-income consumers “in all regions of the Nation,”⁴ U.S. Catholic Conference, *et al.* urge the Commission to use the default Lifeline eligibility standard as the minimum Lifeline eligibility standard for *all* states. U.S. Catholic Conference, *et al.* are concerned that some states will choose more restrictive Lifeline eligibility standards, which would decrease the number of low-income consumers able to take advantage of the Lifeline program. Using eligibility for any of the above programs as a minimum standard nationwide would allow states to expand the pool of eligible candidates to target states’ particular needs and services,⁵ while ensuring that a core group of low-income consumers will be eligible for Lifeline in all states.

II. STATES MAY WAIVE SERVICE DEPOSITS FOR LIFELINE CUSTOMERS WITHOUT REQUIRING SUBSCRIPTION TO TOLL BLOCKING

The Order prohibits eligible telecommunications carriers from requiring Lifeline subscribers to pay service deposits to initiate service if subscribers

⁴47 U.S.C. § 254(b)(3) (1997).

⁵Eligibility to receive Lifeline assistance must still be based solely on income or factors directly related to income. Order, ¶373.

voluntarily elect to receive toll blocking.⁶ However, some states, such as Ohio, currently provide for a waiver of service deposits for Lifeline subscribers, but do not require these subscribers to receive toll blocking.⁷ U.S. Catholic Conference, *et al.* ask the Commission to clarify the authority of states to prohibit service deposits for Lifeline subscribers without requiring these subscribers to choose toll blocking.

Because high service deposits often deter low-income consumers, prohibiting service deposits for Lifeline customers helps increase low-income subscribership. However, certain low income consumers may need to retain the ability to make long distance calls for family, work or health reasons. For these low-income consumers, toll blocking is not a realistic option. It is important that the Commission make clear that states have the authority to try to increase subscribership among low-income consumers by providing for waivers of service deposits for *all* Lifeline customers, not just those who elect to receive toll blocking.

III. INCUMBENT LEC'S SHOULD NOT BE ABLE TO COLLECT THE PICC DIRECTLY FROM LIFELINE SUBSCRIBERS WHO HAVE NOT SELECTED A PRIMARY INTEREXCHANGE CARRIER

U.S. Catholic Conference, *et al.* share the Commission's concern that the presubscribed interexchange carrier charge ("PICC") will be assessed against

⁶Order, ¶ 398.

⁷OHIO REV. CODE ANN. § 4905.50 (Anderson 1997).

Lifeline customers who elect to receive toll blocking.⁸ Assessing the PICC will penalize Lifeline subscribers and give them less of an incentive to choose toll-blocking. In the Order, the Commission looked to the Joint Board for guidance on this issue.⁹ Until the Joint Board provides a solution to this problem, the FCC should clarify that incumbent local exchange carriers ("LEC's") should not be able to collect the PICC directly from Lifeline subscribers who have not selected a primary interexchange carrier.

As noted in the Order, studies show that the primary reason subscribers lose access to telecommunications services is failure to pay long distance bills.¹⁰ Toll blocking helps consumers avoid involuntary termination of their access to telecommunications services. Unfortunately, local exchange carriers assess the PICC against Lifeline subscribers who choose toll-blocking because they do not have a primary interexchange carrier (against whom the PICC is normally assessed) associated with their line.¹¹ This directly contradicts the goal of encouraging low-income consumers to take advantage of federally supported toll blocking services.

⁸Order, ¶ 363; See Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charges, CC Docket Nos. 96-262, 94-1, 91-213, 95-72, First Report and Order, FCC 97-158 (released May 16, 1997), at ¶ 88.

⁹*Id.*

¹⁰*Id.* at ¶385.

¹¹*Id.* at ¶363.

Ultimately, U.S. Catholic Conference, *et al.* suggest that the Commission require the local exchange carriers to waive the PICC for Lifeline customers who have no primary interexchange carrier associated with their lines. The LEC's should be able to receive support equal to the amount of the waived PICC from the Lifeline fund. This solution maintains the integrity of the Lifeline program and ensures competitive neutrality. However, while the Joint Board and the Commission are debating the solution to this problem, local exchange carriers should not be able to collect the PICC from Lifeline customers who choose toll blocking.

IV. THE PHRASE "MEDIA OF GENERAL DISTRIBUTION" INCLUDES BROADCAST MEDIA AS WELL AS PRINT PUBLICATIONS

Eligible telecommunications carriers must advertise the availability of and charges for services supported by the universal service fund.¹² The Commission states in the Order,

Although we decline to adopt nationwide standards for interpreting section 214(e)(1)(B), we encourage states, as they determine whether to establish guidelines pursuant to that section, to consider the suggestion of Roseville Tel. Co. that the section

¹²"Eligible telecommunications carriers -- A common carrier designated as an eligible telecommunications carrier under paragraph (2) or (3) shall be eligible to receive universal service support in accordance with Section 254 and shall, throughout the service area for which the designation is received --

(A) offer the services that are supported by Federal universal service support mechanisms under Section 254(c), either using its own facilities or a combination of its own facilities and resale of another carrier's services (including services offered by another eligible telecommunications carrier); and

(B) advertise the availability of such services and the charges therefor using media of general distribution." 47 U.S.C. § 214(e)(1) (1997).

214(e)(1)(B) requirement that carriers advertise in “media of general distribution” is not satisfied by placing advertisements in business publications alone, but instead compels carriers to advertise in publications targeted to the general residential market.¹³

U.S. Catholic Conference, *et al.* urge the Commission to clarify this statement to make clear that despite the use of the term “publications,” the phrase “media of general distribution” includes broadcast media as well as print. The statute does not limit advertising to “publications” and it does not appear to be the intention of the Commission to narrow the definition of “media of general distribution.”

Limiting advertising to print publications would narrow the audience significantly¹⁴ and contradict the goal of informing consumers of available services. As states determine whether to establish guidelines pursuant to this section, it is important to make clear that the type of media used to satisfy the advertising requirement is not restricted.

CONCLUSION

The new universal service rules have the potential to be a significant step forward for low-income consumers. The expansion of Lifeline and LinkUp should help more low-income consumers gain and retain access to telecommunications

¹³Order, ¶148.

¹⁴The majority of the American public relies on broadcast media, especially television, for information. See Zoglin, Richard, *The News Wars*, TIME, October 21, 1996 at 58, 61 (59% of the nation relies on broadcast television as their primary news source. Only 23% of the nation relies on newspapers for their news).

services. However, to achieve these goals, the Commission should, for the reasons stated above, reconsider or clarify the parts of the Order dealing with Lifeline eligibility, the no deposit rule, assessment of the PICC, and advertising by eligible telecommunications carriers. Only then will the full potential of the new universal service rules be realized.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Lori Anne Dolqueist', written over a horizontal line.

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